GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Finance Department-IF- Defalcation of Deposits/Fixed Deposits kept in Banks-Instructions for depositing of surplus funds with the Andhra Pradesh State Financial Services Corporation Limited (APSFSCL)– Issued-reg.

FINANCE (PMU-CASPS,FC&IF) DEPARTMENT

G.O.Rt. No. 1998 **Dated:25-11-2021.**

Read the following:

GO.Ms.No.17 Finance (IF) Department, dated 6th March 2020.

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ORDER:

All Special Chief Secretaries/Principal Secretaries/Secretaries of the Secretariat Departments, are hereby informed that following instances of fraud/defalcation of government funds have been recently brought to light with regard to monies invested in fixed deposits by the following state government entities.

(a) AP State Warehousing Corporation Ltd (APSWHC):The Corporation deposited Rs.9.60 crore in 9 fixed deposits with a public sector bank. A current account was opened by the bank branch in the name of the APSWHC without the request and knowledge of the APSWHC & the fixed deposit amounts were transferred into the unauthorisedly opened account & the amounts were fraudulently withdrawn.

(b) AP Oil Seeds Cooperative Federation Ltd (AP Oilfed): An amount of Rs.5.00 crore was deposited by the Federation in fixed deposits was withdrawn without the knowledge of the AP Oilfed. Fake fixed deposit receipts were received from the Bank while the original FDRs were used to fraudulently encash and transfer monies to other unrelated accounts from where the amount was defalcated.

2. In the above instances, the concerned Departments have taken action for recovery of the amount, criminal cases have been registered & action is being initiated by the concerned department for affixing the responsibility.

3 Nevertheless, the above recent episodes exhibit the vulnerability of government funds, bereft of the elaborate processes of monitoring & supervision. In the absence of robust checks & balances & periodic account reconciliation at higher levels, there is scope for negligence/collusion, creating the space for the recurrence of such incidents.

4. Furthermore, in context of management of public funds, the Comptroller and Auditor General (CAG) in multiple audit reports has expressed serious concerns on the investments made by various Government entities in the shape of fixed deposits with Banks.

5. In the above regard, the Special Chief Secretaries/Principal Secretaries/ Secretaries of the Secretariat Departments are informed that the Government have earlier issued the following instructions vide the G.O. Ms.No.17, Finance (IF) Department, dated 6/3/2020.

(P.T.O)

a. "The Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc. established by the Government of Andhra Pradesh, during the course of their operations, approach the Scheduled Commercial Banks and Financial Institutions to avail loans for meeting their working capital & other investment needs and also to invest their surplus funds as short/ medium/longterm deposits, based on the rates offered.

b. Certain Non-Banking Financial Companies (NBFCs), established by the Government of Andhra Pradesh have requested the Government for permission to access the surplus funds of Government Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc on par with the Scheduled Commercial Banks/ Financial Institutions and channelizing the same to Government entities.

c. To provide a level playing field, the Government authorised Non-Banking Financial Companies (NBFCs), established by the Government of Andhra Pradesh, to participate in the bidding process for both (a) raising funds & (b) depositing surplus funds, on par with the Scheduled Commercial Banks & Financial Institutions from the Government Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc."

6. After careful examination of the matter & to ensure the safety of public funds, it is hereby instructed that all the Departments, Government Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc. under the Government of Andhra Pradesh deposit their surplus funds with the Andhra Pradesh State Financial Services Corporation Limited (APSFSCL), which is a 100% owned company of the Government of Andhra Pradesh, & registered with RBI as Non-Banking Financial Company.

7. The above instructions at shall not be applicable to the Tirupati Tirumala Devasthanam & the institutions under the Endowments Departments.

8. The Heads of all the Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc. are made responsible for putting in place the necessary oversight mechanism for ensuring the proper supervision, management & safety of the funds under their control, for taking all necessary steps to ensure that there is no scope for the defalcation/misappropriation of the funds & no recurrence of the incidents similar to those mentioned in the paras supra.

9. All the Special Chief Secretaries/Principal Secretaries/Secretaries of the Secretariat Departments shall take necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR.SAMEER SHARMA
CHIEF SECRETARY TO GOVERNMENT

To
1.All Special Chief Secretaries/Principal Secretaries/Secretaries of GoAP.
2.All Heads of Department.
3.All Heads of Corporations, Societies, Boards, Trusts, Institutions, Universities, Special Purpose Vehicles, etc. established by the Government of Andhra Pradesh.
4. VC & MD, APSFS Limited
5. CEO, APCFSS

(P.T.O)

6. Director of Treasuries, A.P
7. Pay and Accounts Officer, A.P.
8. Director of Works Accounts, A.P.
9. Director of State Audit, A.P.

copy to:

1.All Secretaries in Finance Department.
2.Principal Account General,(A&E),A.P.
3.Account General,(Audit),A.P.
4.P.S. to Chief Secretary.
5.P.S. to Hon'ble Minister, Finance
6.P.S. to Principal Secretary to Chief Minister.

S.F./S.Cs(1114250).

//FORWARDED::BY ORDER//

SECTION OFFICER